

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 CEA-01 CIAE-00 COME-00
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
/124 W

-----025739 051242Z /45

R 050900Z MAY 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5031
INFO USDA WASHDC
USMISSION GENEVA

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USDA/FAS INTL TRADE POLICY (ITP)

E. O. 11652: NA
TAGS: ETRD, EARG, MTN, EA/PHL

REF: STATE 108366

1. FOLLOWING INFORMATION PROVIDED IN RESPONSE TO REF A. ON
SEVERAL OCCASIONS, AGATT HAS SUBMITTED TO WASHINGTON DETAILED
REVIEW OF: TARIFF AND NTB FOR WIDE RANGE OF AGRICULTURE
COMMODITIES; PRIORITY LIST OF IMPORTED AGRICULTURE COMMODITIES
FOR WHICH U.S. COULD SEEK CONCESSIONS IN EXCHANGE FOR REDUCTION
IN U.S. DUTY ON COCONUT OIL; AND, PD 1212 OUTLINING NATIONAL
GRAINS AUTHORITY'S (NGA) TAKE-OVER OF SOYBEAN AND MEAL IMPORTS.
COMPLETE FILE AVAILABLE ASST. ADMINISTRATOR FOR INTERNATIONAL
TRADE POLICY, FAS.

2. DUTY ON SOYBEANS AND MEAL IS 10 PERCENT, NOT REPEAT NOT
70 PERCENT. SINCE NGA IS SOLE BUYER OF SOYBEANS AND MEAL (AS
SPECIFIED IN PD 1212), LICENSES ARE NOT REQUIRED AND TIMING
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AND QUANTITY OF PURCHASES WILL BE TENDERED BASED ON INDUSTRY
RECOMMENDATION. TO DATE, NGA PURCHASES OF WHEAT AND CORN HAVE
NOT BEEN RESTRICTED BY FOREIGN CURRENCY ALLOCATIONS AND NO
RESTRICTIONS ARE EXPECTED FOR PURCHASES OF SOYBEANS AND MEAL.

3. NGA HAS ESTABLISHED SOYBEAN MEAL PRICE DELIVERED TO THEIR
WAREHOUSES AT PESOS 2.50/KILO OR ABOUT 14 PERCENT ABOVE PREVIOUS

PRIVATELY TRADED PRICE. DOMESTIC PRICE IS NOT FIXED AND WILL VARY ACCORDING TO NGA'S IMPORT PRICE. NGA PROFITS WILL REPORTEDLY BE USED TO ASSIST DOMESTIC PRODUCTION EFFORTS. IF LOWER PRICED IMPORTS GREATLY IMPEDE GOP EFFORTS TO BECOME SELF-SUFFICIENT IN SOYBEANS, IT IS POSSIBLE THAT NGA WILL SET THE DOMESTIC SELLING PRICE FOR IMPORTED SOYBEANS AND MEAL AT A LEVEL CONSISTENT WITH THE DOMESTIC SUPPORT PRICE OF \$381/MT. THIS PRACTICE IS CURRENTLY BEING FOLLOWED FOR CORN. SUPPORT PRICE FOR CORN IS \$122 PER TON AND PRICE OF IMPORTED CORN TO END-USER IS CURRENTLY \$157 PER TON.

4. RAISING PRICE OF MEAL TO EQUAL SUPPORT PRICE WOULD SIGNIFICANTLY INCREASE FEED COSTS AND ENCOURAGE PRODUCERS TO UTILIZE OTHER SOURCES OF PROTEIN FEED PARTICULARLY DOMESTICALLY SUBSIDIZED COPRA MEAL AND INCREASE RETAIL PRICES FOR PORK AND POULTRY PRODUCTS AND DECREASE DOMESTIC CONSUMPTION. HOWEVER, ANY SIGNIFICANT INCREASE IN PORK AND POULTRY PRICES MAY NOT BE POLITICALLY TENABLE SINCE GOVERNMENT IS VERY SENSITIVE TO INCREASE IN RETAIL PRICE OF THESE COMMODITIES.

5. AT THE PRESENT TIME, THE AGATT DOES NOT BELIEVE SOYBEAN PRODUCTION WILL INCREASE SIGNIFICANTLY IN IMMEDIATE FUTURE, AT LEAST NOT TO A LEVEL THAT WILL FORCE THE GOP TO SUBSTANTIALLY RAISE PRICES. AS FOR COR, IT IS EXPECTED THAT NGA WILL IMPORT SUFFICIENT QUANTITIES OF SOYBEANS OR MEAL TO MEET REQUIREMENTS OF LIVESTOCK INDUSTRY.

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6. WHEN NGA TOOK OVER IMPORTATIONS OF WHEAT, WORLD MARKET PRICE WAS APPROXIMATELY \$270/MT BUT PRICE TO FLOUR MILLERS WAS \$230/MT. AS WORLD PRICE DECLINED BELOW \$230, HOWEVER, NGA DID NOT LOWER PRICE TO FLOUR MILLERS AND CURRENT PRICE SPREAD IS ABOUT \$50/MT. THIS COULD HAPPEN ALSO TO SOYBEANS AND MEAL.

7. ADVANTAGE OF NGA TAKE-OVER IS THAT PHILIPPINES WILL NOW PURCHASE IN LARGER QUANTITIES WHICH SHOULD BENEFIT U.S. SUPPLIERS. AGATT ESTIMATES NOTICEABLE INCREASE IN U.S. MARKET SHARE. FOR YEARS MOST MEAL SHIPMENTS HAVE BEEN RELATIVELY SMALL, -5,000 MT, AND BRAZIL'S MARKET SHARE CONSIDERABLY IMPROVED.

8. 3. EMBASSY PREPARING SEPTEL ON SOYBEAN/MEAL ISSUE.

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Message Attributes

Automatic Decaptioning: X
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Concepts: IMPORTS, INFORMATION EXCHANGE, SOYBEANS, IMPORT DATA
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Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA07363
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780589/aaaacyah.tel
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TAGS: ETRD, EAGR, RP, US, MTN
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